



ORIGINAL RESEARCH PAPER

Management

Factors influencing Employee Attrition

KEY WORDS: Employee satisfaction, Quality, Organization, Attrition, etc.

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ABSTRACT

Employee satisfaction with a company's products or services is often seen as the key to a company's success and long-term competitiveness. Retention of employees is becoming a major concern for all organization in the prevailing scenario. Employees once being qualified have a mind set to move for another organization for better possibility. The time when a talented employee wishes to quit the job, it is the obligation of the management and HR to interfere and reconcile and understand the exact reason lead to the decision.

The most valuable asset of all organization is employees. The quality and the quantity of the organizations is completely rely on the employees. Hence its pivotal to retain the talented workforce permanently. In the recent years the task of retaining the employees have become tough for the employers and this had led to the augmenting rate of attrition .This is growing as a severe factor which concerns the HR of the organization and affects the whole system. Attrition is the critical issue and growing rapid these days.

I. Introduction:

"Attrition, in Human Resource terminology, refers to the phenomenon of the employees leaving the company. It is usually measured with a metric called attrition rate, which simply measures the no of employees moving out of the company (voluntary resigning or laid off by the company)".

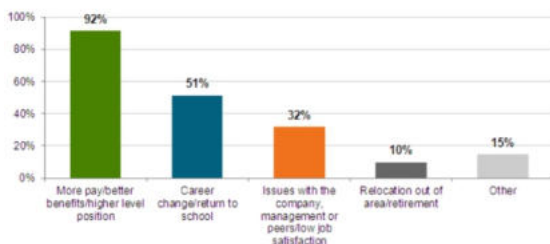
The organization suffers loss of the cost spent on the training of employees and also end up spending more for recruiting the vacancies and replacing the the employees who had left.

II. Types of Attrition:

i) Voluntary:

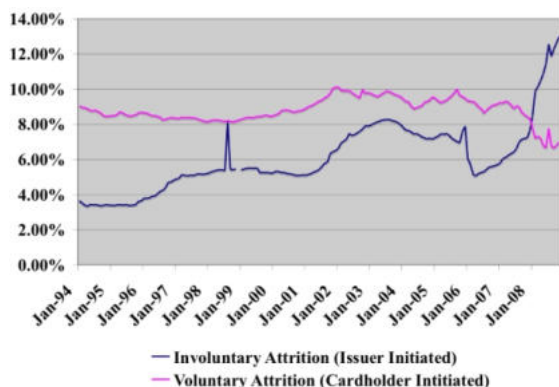
In this case the employees themselves leave the organization for personal or professional reasons.

Reasons For Voluntary Turnover



ii) Involuntary:

In this case the decision of retention of employees is in the hands of the management. Either they will be Laid off or Fired.



III. Overview of Employee Attrition in India:

Organizations in India must give serious thought to what drives employee commitment," says Mohinish Sinha, leadership and talent practice leader, Hay Group India. Employee turnover is predicted to rise to 26.9% in 2013 with an employee base of Rs 3 crore compared with 26% in 2010 on an employee base of Rs 2.8 crore, according to the study, 'Preparing for Take-Off', conducted in association with the Center for Economics and Business Research. It covered 700 million employees in 19 countries. Worldwide, attrition is predicted at 21.2% in 2013 on an employee base of Rs 71.6 crore compared with 20.3% in 2010 on an employee base of Rs 64.4 crore. The number of workers expected to take flight will reach Rs 161.7 million in 2014 - a 12.9% increase compared with 2012 - as growth builds and employment opportunities increase, according to the study. Comparatively, turnover was minimal between 2010 and 2012. In the next five years, 49 million employees will leave their employers globally. In India, sectors like infrastructure and banking - where new players are entering the field - will continue to suck in talent. In infrastructure, nearly \$1 trillion of investment has been planned in the years to 2018. With half of this expected from private financing, there will be huge demand for labor in India's finance, insurance, real estate and construction sectors - totaling 14% of employment in the organized sector - and raising turnover in these activities, as Sinha points out. Besides, there is a huge demand for ready talent, he says.

But not everyone thinks it is a function of external growth conditions. "The best insurance against attrition is not to hope for lack of opportunities outside but to build strong internal conditions which act like a glue to employees," says Divakar Kaza, president, HR, Lupin Pharma. Nearly 55% of Indian employees expressed concerns about the fairness of their compensation and the extent to which benefits meet their needs (48%). One in every three employees expressed concern over a lack confidence in being able to achieve their career objectives with their current employers (37%); as a result, they are concerned about opportunities for learning and development (39%) and supervisory coaching for their development (36%).

An analysis of Hay Group's employee opinion database, covering 5.5 m employees worldwide, threw up the most consistent predictors of employee engagement and commitment: confidence in leadership; an opportunity for career development; autonomy; supportive work environment; and appropriate compensation.

IV. General findings of Employee Attrition :

Employees quit job for various reasons. It can also include Life events as the reason why employees leave the job. But the majority reasons for quitting can be controlled by the organization. The few reasons which leads to attrition are below.

i) Relationship with boss:

It is not about the friendship they build up but its all about the relationship. The boss is the integral part of the job everyday creates uncomfortable environment. The boss is supposed to direct and review by conducting one to one meeting and well connect with the employees. The success of the organization begins with the leadership. An organization can hire the highly talented minds available in the market, but a boss lacking with leadership skills is far away from success. The preference of employees of their boss should be convenient and creates a positive ecosystem. The boss who is inefficient to convey the goals and expectations or ill treats employees will lead to the decrease in the productivity and create negativism among employees. The leader is the face of the organization and those employees who respect them would not leave easily.

ii) Opportunities to use skills and abilities: If an employee has a space to exhibit their significant skills and abilities on the job, they gain self confidence and self respect for their individuality. They commence to participate more in the activities which they are good at and that stretch the skills and abilities further. Every job should provide the employees the scope of development and growth of the skills they inherit. If that scope is unavailable they start looking out for an opportunity which suits them. A Career Development scope factor is mandatory. Every individual hopes and dreams are to be considered for an overall organizational and individual development.

iii) Culture of the Organization:

May be not the primary reason for quitting but the culture also plays a role. The culture of every organizations differs place to place. Whether the organizations recognize the employees efforts, treat them with proper respect and provide all benefits. Employees would prefer a place where the transparency level of everything is high. Few of them would be reluctant to the activities of employee engagement, they should not be compelled to participate in those events may be the activities are against to their social interest. They should never be enforced with the habits which is unrelated to work. All the employees should have the easy access to the management and directed well. Team building can be a solution for the adaptation of culture if required.

iv) Recognition of Employee Job performance:

One big reason that plays in the loyalty to the organization. Every individual works to establish themselves as a potential employee. If they are recognized for the individual contribution to the organization they gain the confidence that the contribution made by them is acknowledged. This is one of the key factor for job satisfaction. If the work provides job satisfaction no employee would think of quitting job. There should never be any partial decision while evaluating the performance. The standards are to be set and the targets to be realistic. Appreciation on the right time in front of other employees or teammates makes everyone around realize the efforts they put in is never waste.

v) Lack Of Flexibility:

The essential aspect in recent trend is Work Life Balance. Traditional aspects in the past like reporting office at 9 am and leaving at 5 pm are becoming obsolete. The trending practices like Work from Home, Flexi shifts are providing more comfort and freedom to employees. If an organization is able to provide them with these working techniques it shows that they value the personal life of the employees also this in turn increases the productivity. The policies should not be rigid that it does not consider about the employee as an individual.

V. Conclusion:

Employees should be provided with internal growth opportunities like training, promotion, transfer and job rotation.

The stress level should not be high. Introduction of flexible working patterns.

The rapport between the boss and the subordinate should be fair and transparent.

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